

**Testimony of
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Senate Committee on Commerce, Science, and Transportation**

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Thank you for holding this hearing on the critical issue of online profiling and Internet privacy. As Chief Privacy Officer at DoubleClick, I report directly to the company's Board of Directors to ensure that DoubleClick is effectively implementing its privacy policies and procedures, act as a resource for internet users, work with advertisers and publishers to oversee their privacy policies and work to educate the public about internet privacy. I appreciate the opportunity to testify today.

In order for the Internet to continue to flourish – in order for this revolutionary medium to keep growing at such a rapid pace and be the engine for the greatest economic expansion in U.S. history – the Internet industry must make consumers comfortable that their privacy is being protected on-line. And, at the same time, publishers and ad servers must continue to customize and personalize web content and advertising so that users can get the information they want and web sites can generate the revenues necessary to stay in business and keep the Internet free.

Currently, a vast majority of Web sites offer content free of charge. From the New York Times to the Washington Post to Encyclopedia Britannica and sites offering directions and weather information, content is offered to consumers for free. Why? Because of effective Internet advertising. By keeping the Internet free, Internet advertisers help bridge the digital divide for consumers. Internet advertising revenue also helps smaller start up Web sites offer unique and diverse content and compete with more established Web sites.

As the Consumer Affairs Commissioner in New York for Mayor Giuliani for the past two years, I saw firsthand the consumer benefits of effective advertising. In markets where merchants were competing successfully, consumers had many choices and were easily able to find the products and services they needed. In markets where advertising was limited or ineffective and where it was difficult for merchants to reach the right consumer at the right time – such as funeral services or prescription medications – prices varied by as much as 40% from location to location and many consumers overpaid for services and products they needed.

On the Internet, advertising is effective for consumers and advertisers when ads reach the right consumer at the right time. Internet advertising companies use information to attempt to deliver the ads to consumers that they are likely to click on.

This happens every day in the off-line world. Catalogue companies share their mailing lists with each other. Magazines share subscription lists. And political candidates use voting lists so they can send persuasion or fundraising mail only to likely voters.

This is the heart of off-line direct marketing. And it is critical to effective advertising on the Web.

Now, we at DoubleClick understand and take very seriously the privacy issues raised by the technological tools used for effective Web advertising. We also understand that different types of information need to be treated differently.

Not surprisingly, consumers understand that certain information in the wrong hands can be harmful to them and that some information – like marketing data – does not pose a threat.

Research conducted for DoubleClick showed that consumers are very concerned about the collection of social security numbers – in other words, a fear of identity theft – credit card numbers and information that can be used against them. People have very practical concerns – they are worried about the collection and sharing of sensitive credit information that can be used to deny them mortgages and sensitive health information that can be used to deny them insurance.

It is DoubleClick's policy not to use sensitive information for profiling when delivering an ad. We do not profile using health information, detailed financial information, visits to adult sites or sexual information, or information about children.

While consumers are much less concerned about transaction data used for marketing purposes, we believe they have a right to know what type of data is being used by network advertisers and have the right to have control over that use.

There are significant steps that industry can and should take to give consumers more confidence in and control over their web experience. Primary among them are notice and choice. Consumers need and deserve real choice. They need to know the type of data that is being collected about them and have the ability to opt-out – to choose not to participate – if they want to.

We recently finished one of the largest Internet education campaigns in Web history...100,000,000 banner ads connecting consumers to www.privacychoices.org, a web site dedicated to consumer privacy education and offering a two-clicks-and-you're-out policy for those who wish to opt-out of targeted advertising.

At DoubleClick, no Web site is allowed to contribute profile information or receive ads based on cross web behavior unless their privacy policy links to DoubleClick to give consumers notice and a chance to opt-out.

We are also re-writing our privacy policy to make it shorter, clearer and easier to understand.

We employ PriceWaterhouse Coopers to provide an outside audit to ensure we are living up to the privacy commitments we make and we have appointed an independent Consumer Privacy Advisory Board to help us continue to improve our privacy procedures and respond to new issues that will arise as new forms of e-commerce develop.

And finally, as part of the Network Advertising Initiative, we are working with the other companies in our industry to develop uniform rules for all third party advertisers to follow to ensure that our activities are clear and understood by consumers and to ensure consumers have control over how we use information.

We recognize that consumers must know that their privacy is protected online for e-commerce to continue to flourish and we welcome your ideas for additional steps that we can take to benefit consumers.

Thank you.